

INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN

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FINANCIAL STATEMENTS
For The Year Ended June 30, 2008

INGERSOLL TOWNSHIP
BOARD OF TRUSTEES

Daniel Cline	Supervisor
Nancy Farison	Treasurer
Mary Ellen Keel	Clerk
Curtis Shaffner	Trustee
Charles W. Tabb	Trustee

POPULATION-2000
3,018

STATE EQUALIZED VALUATION-2007
\$96,353,500

STATE TAXABLE VALUE-2007
\$77,954,254

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
June 30, 2008**

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Independent Auditors' Report

Members of the Township
Board of Trustees
Ingersoll Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township (the "Township"), Midland County, Michigan, as of and for the year ended June 30, 2008 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingersoll Township, Midland County, Michigan, as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 18 through 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Burnside & Lang, P.C.

Midland, Michigan
October 6, 2008

Management's Discussion and Analysis

As the Township Board of Ingersoll Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Ingersoll Township for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of Ingersoll Township exceeded its liabilities at the close of the most recent fiscal year by \$1,043,595 (net assets). Of this amount, \$539,716 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Ingersoll Township's governmental funds reported combined ending fund balances of \$681,745, a \$102,173 increase in comparison with the prior year. Of the total amount, \$674,216 is available for spending at the Township's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$532,188 or 196 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Ingersoll Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. Statement of net assets presents information on all of the Township's assets and liabilities and the statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 4-5 of this report.

Ingersoll Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Ingersoll Township maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and solid waste fund, which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and solid waste fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Ingersoll Township maintains one fiduciary fund, the Tax Collection fund. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The basic fiduciary fund financial statements can be found on page 10 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-17 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2008-2009 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's millage rate remained at the previous years' millage rate of 1.1704 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2008-2009 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Ingersoll Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Clerk of Ingersoll Township, 4183 S. Smith Crossing Road, Freeland, MI 48623, or phone (989) 695-5200.

INGERSOLL TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2008

ASSETS

Cash and cash equivalents	\$ 672,380
Other receivables	32,567
Other current assets	7,529
Capital assets:	
Land and improvements, net	181,601
Buildings and improvements, net	150,858
Equipment, net	29,393
Total capital assets	<u>361,852</u>
Total assets	<u>1,074,328</u>

LIABILITIES

Accounts payable	<u>30,732</u>
Total liabilities	<u>30,732</u>

NET ASSETS

Invested in capital assets, net of related debt	361,851
Restricted for:	
Sanitation	142,028
Unrestricted	539,716
Total net assets	<u>\$ 1,043,595</u>

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Activities:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government:					
Township board	\$ 18,868	\$ -	\$ -	\$ -	\$ (18,868)
Supervisor	13,576	-	-	-	(13,576)
Treasurer	30,096	-	-	-	(30,096)
Assessing	18,091	-	-	-	(18,091)
Clerk	28,827	-	-	-	(28,827)
Board of review	1,568	-	-	-	(1,568)
Buildings and grounds	36,770	18,082	-	-	(18,688)
All other general government	8,736	201	-	-	(8,535)
Fire protection	21,847	-	-	-	(21,847)
Building inspection and regulation activities	13,104	14,450	-	-	1,346
Cemetery	13,732	-	-	-	(13,732)
Roads	3,459	-	-	-	(3,459)
Street lights	2,383	-	-	-	(2,383)
Drains	7,254	-	-	-	(7,254)
Sanitation, solid waste	125,596	133,395	-	-	7,799
Planning and zoning	8,286	-	-	-	(8,286)
Library	16,671	-	-	-	(16,671)
Total governmental activities	\$ 368,864	\$ 166,128	\$ -	\$ -	(202,736)
General revenues:					
Property taxes, levied for general purposes					108,175
Property tax agreement with the City of Midland					766
State revenue sharing					206,594
Interest earnings					12,909
Miscellaneous					3,165
Total general revenues					331,609
Change in net assets					128,873
Net assets-beginning					914,722
Net assets-ending					\$ 1,043,595

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2008

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 515,599	\$ 156,781	\$ 672,380
Due from other funds	32,567	-	32,567
Prepaid items	7,529	-	7,529
Total assets	<u>\$ 555,695</u>	<u>\$ 156,781</u>	<u>\$ 712,476</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 15,979	\$ 14,753	\$ 30,732
Total liabilities	<u>15,979</u>	<u>14,753</u>	<u>30,732</u>
Fund Equity:			
Fund balance:			
Reserved for prepaid expenditures	7,529	-	7,529
Unreserved and undesignated	532,187	142,028	674,215
Total fund balances	<u>539,716</u>	<u>142,028</u>	<u>681,744</u>
Total liabilities and fund equity	<u>\$ 555,695</u>	<u>\$ 156,781</u>	<u>\$ 712,476</u>

The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances for governmental funds (Exhibit 4)	\$	681,744
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements, net	\$	181,601	
Buildings and improvements, net		150,858	
Equipment, net		<u>29,393</u>	
Total capital assets			<u>361,851</u>

Total net assets of governmental activities (Exhibit 2)	\$	<u>1,043,595</u>
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The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
REVENUES			
Property taxes	\$ 108,941	\$ 130,583	\$ 239,524
Licenses and permits	14,450	-	14,450
State aid	206,594	-	206,594
Charges for services	201	-	201
Interest and dividends	12,909	2,812	15,721
Rents and royalties	18,082	-	18,082
Fire Run Reimbursements	887	-	887
Voting Machine Replacement Reimbursement	-	-	-
Sale of assets	150	-	150
Election Reimbursement	1,822	-	1,822
Miscellaneous	306	-	306
Total revenues	<u>364,342</u>	<u>133,395</u>	<u>497,737</u>
EXPENDITURES			
General Government:			
Township board	18,868	-	18,868
Supervisor	13,576	-	13,576
Treasurer	29,981	-	29,981
Assessing	18,091	-	18,091
Clerk	28,685	-	28,685
Board of review	1,568	-	1,568
Buildings and grounds	25,646	-	25,646
All other general government	8,736	-	8,736
Public Safety:			
Fire protection	21,847	-	21,847
Building inspection and regulation activities	13,104	-	13,104
Public Works:			
Cemetery	12,964	-	12,964
Roads and drains	3,459	-	3,459
Landfill	1,831	123,765	125,596
Drains	7,254	-	7,254
Street lights	2,383	-	2,383
Community Development:			
Planning and zoning	8,286	-	8,286
Recreation and Culture:			
Library	16,671	-	16,671
Capital Outlay	38,850	-	38,850
Total expenditures	<u>271,800</u>	<u>123,765</u>	<u>395,565</u>
Excess (deficiency) of revenues over expenditures	92,542	9,630	102,172
Fund balances-beginning	<u>447,174</u>	<u>132,398</u>	<u>579,572</u>
Fund balances-ending	<u>\$ 539,716</u>	<u>\$ 142,028</u>	<u>\$ 681,744</u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
June 30, 2008**

Net change in fund balances - total governmental funds (Exhibit 5)	\$ 102,172
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$38,850) exceeded depreciation (\$11,757) and a gain on sale (\$391), in the current period.

26,701

Change in net assets of governmental activities (Exhibit 3)	\$ 128,873
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The accompanying notes are an integral part of these financial statements.

INGERSOLL TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
June 30, 2008

	<u>Tax Collection</u>
ASSETS	
Cash and cash equivalents	\$ 54
Total assets	<u>54</u>
LIABILITIES	
Due to other funds	<u>54</u>
Total liabilities	<u>54</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Although the Township's 2006 ad valorem tax is levied and collectible on December 1, 2007, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The 2007 taxable valuation of the Township totaled \$77,954,254, on which ad valorem taxes levied consisted of 1.1991 mills for Township operating purposes. This amount is recognized in the General Fund as current tax revenue.

The government reports the following major funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sanitation Fund accounts for providing garbage and rubbish collection financed by an annual special assessment.

Additionally, the government reports the following fund type:

The Current Tax Collection Fund is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items—Certain payments to vendors reflect cost applicable to future years and are recorded as prepaid items in the government-wide and fund statements.

Capital Assets—Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	10 to 40 years
Building improvements	10 to 30 years
Hall equipment	5 to 30 years
Office equipment	5 to 30 years
Computer equipment	5 years

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets (Continued)

Long-Term Obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budgeted Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund- Building and grounds	\$ 28,653	\$ 64,495
General Fund- Drains	6,900	7,254
General Fund- Library	16,500	16,671

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks' commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	<u><u>\$ 672,380</u></u>

Investment and Deposit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$672,380 of bank deposits (checking and savings accounts), of which \$172,380 were potentially uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, that the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Township had no investments.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The Authority's current investments have no potential interest rate risk.

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 4. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 181,601	\$ -	\$ -	\$ 181,601
Capital Assets Being Depreciated				
Buildings	217,089	37,695	-	254,784
Equipment – Township	99,503	1,155	(1,955)	98,703
Subtotal	316,592	38,850	(1,955)	353,487
Less Accumulated Depreciation for				
Buildings	96,149	7,778	-	103,927
Equipment – Township	66,895	3,979	1,564	69,310
Subtotal	163,044	11,757	(1,564)	173,237
Net Capital Assets Being Depreciated	153,548	27,093	(391)	180,250
Governmental Activities Capital Assets–Net of Depreciation	<u>\$ 335,149</u>	<u>\$ 27,093</u>	<u>\$ (391)</u>	<u>\$ 361,851</u>

Depreciation expense was charged to programs of the Township as follows:

General government:	
Treasurer	\$ 115
Clerk	142
Buildings and grounds	10,732
Cemetery	768
	<u>\$ 11,757</u>

**INGERSOLL TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The amount of inter-fund receivables and payables are as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Fund</u>	<u>Inter-fund Payable</u>
General	\$ 54	Tax	\$ 54
Total	<u>\$ 54</u>	Total	<u>\$ 54</u>

NOTE 6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 7. PENSION PLAN

The Township provides pension benefits to members of the Township Board of Trustees, constables, building inspector, fire chief and custodian through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 7% of employee gross earnings and the employee contributes 7% of earnings. In accordance with these requirements, the Township contributed \$5,495 during the current year and employees contributed \$5,495.

NOTE 8. URBAN COOPERATION ACT AGREEMENT

The Township has agreements with the City of Midland under the Urban Cooperation Act, which require these two units of government to share property taxes collected on real property annexed by the City of Midland and formerly within Ingersoll Township. Under the agreements, the City of Midland is required to pay the Township a portion of ad valorem property taxes levied on the related real property as of the date specified in the agreements and indexed by the rate of inflation for succeeding years.

INGERSOLL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 104,670	\$ 104,670	\$ 108,941	\$ 4,271
Licenses and permits	12,500	12,500	14,450	1,950
State aid	200,000	200,000	206,594	6,594
Charges for services	1,550	1,550	201	(1,349)
Interest and dividends	12,467	12,467	12,909	442
Rents and royalties	18,400	18,400	18,082	(318)
Fire Run Reimbursements	2,500	2,500	887	(1,613)
Voting Machine Replacement Reimbursement	6,400	6,400	-	(6,400)
Sale of assets	1,000	1,000	150	(850)
Election Reimbursement	4,000	4,000	1,822	(2,178)
Miscellaneous	500	500	306	(194)
Total revenues	363,987	363,987	364,342	355
EXPENDITURES				
General Government:				
Township board	26,625	26,625	18,868	7,757
Supervisor	17,367	17,367	13,576	3,791
Treasurer	31,012	31,012	29,981	1,031
Assessing	18,349	18,349	18,091	258
Clerk	35,205	35,205	28,685	6,520
Board of review	1,998	1,998	1,568	430
Buildings and grounds	28,653	28,653	25,646	3,007
All other general government	17,200	17,200	8,736	8,464
Public Safety:				-
Fire protection	26,600	26,600	21,847	4,753
Building inspection and regulation activities	16,039	16,039	13,104	2,935
Public Works:				-
Cemetery	26,856	26,856	12,964	13,892
Roads	78,750	78,750	3,459	75,291
Landfill	2,226	2,226	1,831	395
Drains	6,900	6,900	7,254	(354)
Street lights	2,575	2,575	2,383	192
Community Development:				-
Planning and zoning	16,596	16,596	8,286	8,310
Recreation and Culture:				-
Library	16,500	16,500	16,671	(171)
Capital Outlay	-	-	38,850	(38,850)
Contingency fund	16,200	16,200	-	16,200
Total expenditures	385,651	385,651	271,800	113,851
Excess (deficiency) of revenues over expenditures	(21,664)	(21,664)	92,542	114,206
Fund balances-beginning	447,174	447,174	447,174	-
Fund balances-ending	\$ 425,510	\$ 425,510	\$ 539,716	\$ 114,206

INGERSOLL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SANITATION FUND
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 126,050	\$ 126,050	\$ 130,583	\$ 4,533
Interest and dividends	2,320	2,320	2,812	492
Total revenues	128,370	128,370	133,395	5,025
EXPENDITURES				
Public Works:				-
Landfill	130,000	130,000	123,765	6,235
Total expenditures	130,000	130,000	123,765	6,235
Excess (deficiency) of revenues over expenditures	(1,630)	(1,630)	9,630	11,260
Fund balances-beginning	132,398	132,398	132,398	-
Fund balances-ending	\$ 130,768	\$ 130,768	\$ 142,028	\$ 11,260

October 6, 2008

Members of the Township
Board of Trustees
Township of Ingersoll
Midland, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Ingersoll Township (the "Township") for the year ended June 30, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

SIGNIFICANT DEFICIENCIES

Financial Accounting and Reporting

Management relies on the Township's auditors to ensure the financial statements conform to generally accepted accounting principles ("GAAP"). Therefore, as a part of our engagement to audit the financial statements, we draft the financial statements and the related footnotes for approval by management and the finance committee of the board of directors. This is a conscious and practical approach to preparing the financial statements since the Township has determined that the costs to established internal controls over financial reporting and to develop the skills and knowledge of its personnel to apply generally accepted accounting principles in preparing the financial statements is greater than the risk of misstatements occurring in the financial statements. However, as a result of recently issued professional auditing standards, this situation meets the definition of a significant deficiency and a material weakness in internal control.

The interim financial statements and management reports are generally prepared on a comprehensive basis of accounting other than generally accepted accounting principles, i.e. the modified accrual basis. It appears that the interim financial reports received by management are appropriate in form and content thereby allowing management to make appropriate decisions regarding financial matters. Therefore, the control weakness over preparation of financial statements in conformity with GAAP is not a significant requirement of management.

We considered this internal control deficiency in planning the scope of our audit procedures and believe that we have appropriately addressed the risk of any misstatements in the audited financial statements. Therefore, due to the relative cost to eliminate the internal control deficiency over financial reporting in conformity with GAAP related to the risks involved and considering the audit procedures performed to address the risk of misstatements in the audited financial statements, we do not recommend any actions to address this weakness at this time. However, we do recommend that management routinely review the internal controls in place to prepare the interim financial reports to ensure accurate information is provided in those reports.

MANAGEMENT COMMENTS

Financial Oversight (Repeat Comment)

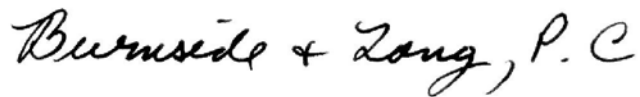
The general limitations in any smaller organization like the Ingersoll Township require that the Township Board of Trustees continue to remain involved in the financial affairs of the Township through oversight of operation, development of the annual budget, inquiries about variance between budgeted and actual amounts shown in the interim financial statements, and the independent review of critical functions. Based on inquiries, the Township Board of Trustees perform these duties and our comment here is intended to emphasize the importance of its oversight.

Bank Reconciliations

The reconciliation process is not being completed on a timely basis. We recommend that the Treasurer and Clerk reconcile the accounts in the general ledger each month after the Treasurer prepares the bank reconciliation on a timely basis.

This report is intended for the information of the members of the Ingersoll Township Board, management and the State of Michigan.

This communication is intended solely for the information and use of management, Ingersoll Township Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Burnside & Lang, P.C." in a cursive, flowing script.

BURNSIDE & LANG, P.C.